Exhibit A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE:	.	Case No. 05-44481
DELPHI CORPORATION, et al,	.	New York, New York
	.	Wednesday, March 22, 2006
Debtors.	.	2:18 p.m.

. . . . . .

TRANSCRIPT OF SECTION 1102(a)(2) EVIDENTIARY HEARING
BEFORE THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Debtors: John Wm. Butler, Jr., Esq.
David E. Springer, Esq.
Dhananjai Shivakumar, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
333 West Wacker Drive, Suite 2100
Chicago, Illinois 60606

Kayalyn A. Marafioti, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
Four Times Square
New York, New York 10036

(Appearances continued)

Audio Operator: Electronically Recorded by Greg White, ECRO

Transcription Company: Rand Transcript Service, Inc.
311 Cheyenne Road
Lafayette, New Jersey 07848
(973) 383-6977

Proceedings recorded by electronic sound recording, transcript produced by transcription service.

0544481060418000000000017

A P P E A R A N C E S: (Continued)

For Appaloosa Management, LP:	Thomas E. Lauria, Esq. Rudolph F. Aragon, Esq. Frank L. Eaton, Esq. WHITE & CASE, LLP Wachovia Financial Center 200 South Biscayne Boulevard Suite 4900 Miami, Florida 33131
	Glenn M. Kurtz, Esq. Douglas P. Baumstein, Esq. WHITE & CASE, LLP 1155 Avenue of the Americas New York, New York 10036
For the U.S. Trustee:	Alicia M. Leonhard, Esq. U.S. DEPARTMENT OF JUSTICE Office of the U.S. Trustee 33 Whitehall Street, Suite 2100 New York, New York 10004
For the Official Committee of Unsecured Creditors:	Robert J. Rosenberg, Esq. John W. Weiss, Esq. LATHAM & WATKINS, LLP 53rd at Third, 885 Third Avenue New York, New York 10022
For JPMorgan, et al:	Kenneth S. Ziman, Esq. Robert Trust, Esq. SIMPSON, THACHER & BARTLETT, LLP 425 Lexington Avenue New York, New York 10017
For Brandes Investment Partners, LP:	Daniel A. Lowenthal, Esq. THELEN, REID & PRIEST, LLP 875 Third Avenue New York, New York 10022

I N D E X

(Proceedings commence at 2:19 p.m.)

THE COURT: Please be seated.

Okay. We're back on the record from yesterday in Delphi Corporation.

Mr. Butler, you have your next witness on rebuttal?

MR. BUTLER: Thank you, Your Honor, and good afternoon.

Your Honor at this time we'd like to present the -- for cross-examination Keith S. Williams, whose expert report and declaration have been admitted as Exhibit Number 12.

MR. KURTZ: Your Honor, we filed a motion with respect to the witness. Would now be a good time to present it?

THE COURT: Yes. You're looking to strike his report?

MR. KURTZ: Correct. It's going to be argued by Mr. Baumstein?

MR. BAUMSTEIN: Good afternoon, Your Honor. Doug Baumstein here.

The motion is basically about a very simple prospect. During examinations of both Mr. Williams and Mr. Sheehan, a number of questions were asked about the current status of the negotiations at -- I guess at that point ongoing negotiations between Delphi and the unions, which, as everyone recognizes in this bankruptcy, would largely affect

I think others involved in this matter will have an opportunity to weigh in after the fact and Appaloosa, as Mr. Rosenberg pointed out, will have that opportunity, too, as would Brandes, given its substantial resources.

I think with that, Your Honor, I'll step down and let Ms. Leonhard make her remarks. Again, I would propose granting the motion.

THE COURT: Okay.

CLOSING ARGUMENT FOR THE U.S. TRUSTEE

MS. LEONHARD: Good evening, Your Honor. Alicia Leonhard for the United States Trustee.

Last, but not least, Your Honor, the United States Trustee joins in the comments and the arguments of the objectors and requests that the Court deny the motion. Thank you very much.

THE COURT: Okay. All right. I'll take a five-minute break and then I'll be back. Well, I'll be back at 6:15.

(Recess taken at 6:01 p.m.)

THE COURT: Please be seated.

I have in front of me a motion by Appaloosa Management, LP, a substantial shareholder of the parent Delphi entity, for the appointment of an official committee of equity security-holders under Section 1102(a)(2) of the Bankruptcy Code.

The motion is opposed by the debtors, the Official Unsecured Creditors' Committee, the agent for the pre-petition lenders, and the United States Trustee.

It has been joined in by another large and sophisticated management company, Brandes, which unlike Appaloosa, was a pre-petition holder of the debtor's equity interests and represents to the Court that it has, under management with authority to vote, again, a substantial stake in the debtor's equity interests. I believe, if you add the two of them together, they own or control approximately fifteen or sixteen percent of the outstanding shares.

Those shares are widely held. There was no testimony on this point, but I believe the record is clear that there are approximately 300,000 shareholders of the publicly traded equity interests. In light of that fact, I believe that it is relevant that the SEC has not taken a position on this motion. There were perhaps contrary representations made to the Court as to why the SEC had not done that, made by counsel to the U.S. Trustee on the one hand, saying that the SEC did not support the motion; and by counsel for Appaloosa, saying the SEC did not support the motion, absent a showing, which it was not taking a position on -- that is, that the SEC was not taking a position on, with regard to whether the debtors at this point are insolvent.

This is an important motion because it affects the cost of this case, both directly--that is, the cost of an equity committee and its professionals if I grant the motion--as well as indirectly, in connection with both the cost of the estate and other estate-compensated professionals, including the Creditors' Committee, in dealing with litigation and other matters raised by an equity committee; and then, in addition, also indirectly, in respect of potential delay that the existence of an equity committee might cause at various stages in the case.

Because of its importance, and because of the desire by all parties, at least as initially expressed by all parties, including Appaloosa, to have this matter heard and decided by me quickly, so that if I rule in favor of an equity committee, an equity committee could be appointed quickly before passage of much more time in this case, I have decided to rule from the bench.

As I often do with long bench rulings, however, particularly where I cite extensive case law, I reserve the right to ccrrect the ruling based on my review of the transcript.

This is a core proceeding under the Bankruptcy Code, as it deals with a committee's appointment under the Code. And one begins, as one must, with the statute, which provides at Section 1102(a)(2) that:

"On request of a party in interest, the Court may order the appointment of additional committees of creditors or of equity security-holders, if necessary to assure adequate representation of creditors or of equity security-holders. The United States Trustee shall appoint any such committee once the Court has ordered the appointment."

It's well recognized that there is no statutory test for "adequacy of representation," as used in Section 1102(a)(2). See, for example, In Re: Johns Manville Corporation, 68 B.R. 155 (SDNY 1986), appeal dismissed 824 F.2d 176 (2d Cir. 1987).

In light of the absence of a statutory definition of "adequacy of representation," and in light further of the fact that the statute says the Court "may" order the appointment of an additional committee besides the Official Creditors' Committee, the courts have made such determinations on a case-by-case basis in the exercise of the Bankruptcy Court's discretion. See, again, In Re: Johns Manville, 68 B.R. 155, as well as In Re: Becker Industries Corporation, 55 B.R. 945, 948, (Bankruptcy, SDNY 1985), for lists of the factors that the courts have employed in exercising their discretion on a case-by-case basis.

I should further note that the case law is clear that the burden of showing a lack of adequacy of

representation is upon the movant. Again, see In Re: Johns Manville Corporation, 68 B.R. 155.

The factors that the Court is to consider on a case-by-case basis are, by this time, fairly well established, although I should say first and foremost, again, they are merely factors informing the Court's discretion. It is not a litmus test, and no particular factor's absence precludes the appointment of a committee; and, conversely, although if all the factors were present, one would assume a committee would be appointment, the Court still has discretion under the statute, in light of other factors that might be present and relevant, not to appoint a committee. The case law has in large measure developed out of cases decided in the Southern District of New York, but the factors are employed throughout the country. They are laid out in the Becker Industries case, and in the Johns Manville case that I have cited. They're also discussed in, for example, In Re: Kalvar Microfilm, Inc., 195 B.R. 599 (Bankruptcy, District Court of Delaware 1996), and numerous other cases throughout the country. They include:

Whether the shares are widely held and publicly traded.

The size and complexity of the Chapter 11 case.

The delay and additional cost that would result if the Court grants the motion.

The likelihood of whether the debtors are insolvent.

The timing of the motion relative to the status of the Chapter 11 case.

And other factors relevant to the issue of adequate representation, including:

The role of the board and management acting on behalf of shareholders.

The role of other estate-compensated parties, including the Official Creditors' Committee, and whether they can be said in large measure to be acting on behalf of shareholders, at least insofar as maximizing the value of the estate.

And according to some courts, the sophistication of the shareholders, particularly those who have made the motion, and their ability to retain counsel and other advisors.

And according to some courts, the right of such parties, if they do make a substantial contribution in the case, to be compensated under Section 503(b) of the Bankruptcy Code.

Before discussing those factors in more detail, however, and particularly focusing upon the factor dealing with the debtors' financial condition, which has occupied a great deal of the hearing in front of me, I believe it's relevant and significant also to quote the legislative

history of Section 1102(a)(2), because, given the lack of a statutory definition of "adequacy of representation," I believe congressional intent is relevant.

The relevant legislative history on the section is not only quoted, but astutely critiqued in Johns Manville at 68 B.R. 155 at 160. As noted in that case, one of the purposes of the legislation was, quote:

"-- to counteract the natural tendency of a debtor in distress to pacify large creditors with whom the debtor would expect to do business at the expense of small and scattered public investors."

That's from S. Rep. No. 989, 95th Congress, Second Session at 10 (1978).

The Congressional Report went on to state:

"The committee believes that it should be emphasized that investor protection is most critical when the company in which the public invested is in financial difficulties and is forced to seek relief under the bankruptcy laws. A fair and equitable reorganization as provided in the bill is literally the last clear chance to conserve for them values that corporate financial stress or insolvency have placed in jeopardy. As public investors are likely to be junior or subordinated creditors or debt-holders, it is essential for them to have

legislative assurance that their interests will be protected. Such assurance should not be left to a plan negotiated by a debtor in distress and senior or institutional debtors who will have their own best interests to look after." Id.

The Court in Manville noted, however, that because Congress made the appointment discretionary in the Bankruptcy Court, finding that the Court "may" appoint a committee if necessary to assure adequate representation, it obviously did not take this principle beyond the meaning of the statute.

I believe there has been a development in the case law since the Congressional Report was issued, and, frankly, since the Becker Industries case, which was one of the first cases to deal with the appointment of a committee under 1102(a)(2), although starting, frankly, with an earlier case, Judge Beatty's case in Emons Industries.

The Courts have recognized that even where a Chapter 11 case involves a substantial number of public shareholders and is large and complex, the Court should not appoint an equity committee if the debtor appears to be clearly insolvent. That is because, in the words of Judge Beatty in Emons, which appears at 50 B.R. 692 (Bankruptcy SDNY 1985): to do so would, in effect, give the equity committee and the shareholders a gift. And that is because the cost of the committee is borne by the estate.

And if it appears, in the words of Emons, that the debtor is hopelessly insolvent, that cost should not be borne.

Courts, I believe, because of their experience of cases where equity committees were formed, where equity committees were inordinately litigious and active in such cases and ultimately obtained for their constituents what might charitably be described as a gift, that is, an inducement to go away through a plan, have come to emphasize the point. It's discussed in some detail and with some candor in the Wang Laboratories decision by Judge Hillman at 149 B.R. 1 (Bankruptcy, District of Massachusetts 1992), in which Judge Hillman recognized the need not to legitimize what he called the, quote, "blackmail factor" inherent in the presence of an equity committee where, in fact, it appears that the debtor is hopelessly insolvent.

The Bankruptcy Code gives parties in interest considerable access to the Court and considerable issues to raise, if they choose, in front of the Court, which obviously has the effect potentially of delaying the prosecution of a Chapter 11 case and causing other parties to incur substantial costs. The benefit to a litigant of controlling an equity committee, or any other official committee, is that, subject of course to Court review, the cost of such litigation is borne by the estate, which raises the stakes

and makes it tempting to implement the "blackmail factor" strategy.

I believe these are legitimate concerns in this area and they have been recognized by numerous courts, and specifically, in what I believe today to be the leading decision in this area, they were recognized by Judge Lifland in In Re: Williams Communications Group, Inc., 281 B.R. 216 (Bankruptcy SDNY 2002), in which he repeated Judge Beatty's concern that an equity committee where the debtor appears to be hopelessly insolvent should not be warranted because, this is a quote:

> "-- because neither the debtor nor the creditor should have to bear the expense of negotiating over the terms of what is in essence a gift."

Judge Lifland used in that quote Judge Beatty's phrase, "appears to be hopelessly insolvent." He also used it at Page 222 -- I'm sorry, at 221 of his opinion.

Interestingly, in his conclusion, however, he provides for a somewhat different test than "hopelessly insolvent." He states:

> "The appointment of official equity committees should be the rare exception. Such committees should not be appointed unless equityholders establish that (i) there is a substantial likelihood that they will receive a meaningful distribution in

the case under a strict application of the absolute priority rule, and (ii) they are unable to represent their interests in the bankruptcy case without an official committee." Id. at 223.

That is, as to the first prong of his test, it requires more of the movant for an official equity committee to establish than that there are signs of hope of solvency, at least in the general run of such applications.

That formulation has since been picked up by another court. Judge Case, whom I certainly respect as a very astute scholar of bankruptcy law, applied the same test in In Re: Northwestern Corporation, 2004 Westlaw 1077913 (Bankruptcy, District of Delaware, May 13, 2004).

Now I say that without necessarily accepting it as an ironclad test myself because I believe that all of the courts that look at these issues, including Judge Lifland and Judge Case, would say first and foremost that the various factors enunciated by the Courts are to be applied on a case-by-case basis, in light of the statute and the congressional policy. And that's what I have done in my balancing analysis of all of the factors; that is, I have not imposed upon the movant here the burden of showing "a substantial likelihood that it will receive a meaningful distribution in the case."

I do that because this motion is filed early in the case, as opposed to at the time a plan is to be negotiated

and/or litigated at confirmation. And I believe that it is, as a result, important for me to give the benefit of the doubt to the movants here.

As the debtors have acknowledged candidly, it is too early to formulate a business plan. It is, consequently, too early to formulate a going concern valuation with any credibility; and, finally, it is too early to negotiate a chapter 11 plan. Consequently, all of the analysis of solvency or insolvency here has around it a substantial amount of speculation and doubt. And I believe it would be unfair to impose upon a movant in that context the burden of doing a full-scale going-concern valuation to show a "substantial likelihood of a meaningful distribution."

Moreover, I believe that such a full-blown valuation at this time is not what is called for in connection with a motion for the appointment of an equity committee. As Judge Lifland made quite clear in Williams, this is a summary proceeding. The valuation that the Court performs in connection with the proceeding is not binding in any respect on any party with respect to any future valuation of the debtor or its assets, including, most importantly of course, a valuation for chapter 11 plan confirmation purposes.

There's an obvious reason for that. It's tied into both the strengths of Congressional policy in permitting equity committees to be appointed under the proper

circumstances as well as the potential for abuse of that right; that is, on the one hand, it's unfair to impose the burden of a full-scale valuation on public shareholders in all circumstances, although the burden may be increased in certain circumstances. It is also unfair to the debtor and the other parties whose money is very clearly at risk in the bankruptcy case, namely the creditors, and in this case the workers, of, in essence, causing the motion for the appointment of an equity committee to take over the entire case so that under the rubric of "valuation" the movant for an equity committee can use all of the cost and delay leverage that an equity committee might have even before the equity committee is appointed, to engage the parties in litigation on the merits of the key issues in the case.

That would be an absurd result. I believe, frankly, that's why I was so angry at Appaloosa's attempt repeatedly to turn this matter into such a proceeding and why the case law is crystal-clear that that is not what the Court is to consider.

Now let me -- before that, let me note that although Judge Lifland makes that crystal-clear in his opinion, he's not the only judge to have done so. In fact, Judge Case in Northwestern didn't have an evidentiary hearing at all. He did not believe it was appropriate. The Court in Leap Wireless, 295 B.R. 135 (Bankr. S.D. Cal. 2003) was frustrated

as to the lack of substance behind the debtors' schedules, but, again, only treated the matter as a summary proceeding and took whatever evidence she had and weighed that into her analysis with respect to whether a committee should be appointed.

So I believe, both logically and under the case law, there is no basis to expand the inquiry that I need to undertake here to force parties to conduct full-blown valuations on either side of the solvency issue.

Now, to apply the various factors. As I noted before, this is a large public company. There's over 500 million of issued and outstanding common shares and over 300,000 public shareholders. This is obviously also a large and complex bankruptcy case. The docket is already substantial, and it is clear to me that far more than is reflected in the docket is being done by the debtor and other parties behind the scenes in respect to resolving the key issues in this case.

Those issues are complex, both in terms of the negotiating and human dynamics, as well as the qualitative and quantitative analysis in regard to the underlying documentation, the parties' rights under the Bankruptcy Code and other law, including labor law and ERISA; and they ultimately involve numerous important judgment calls that in the first instance the debtor must make in consultation with

key constituencies in the case, and that ultimately I must make when the debtor goes to seek approval of what it has negotiated. So those factors clearly call for the appointment of an equity committee.

It is also argued that the debtors' management and board is not actually representing the interests of the shareholders as well as those of all of the other constituencies for which they are fiduciaries; and, to some extent, it is argued that they cannot represent those interests.

As to the latter point, to the extent it's made, I do not accept that analysis. Clearly, the board of a public company and its management owes a duty in a bankruptcy case not only to the creditors, assuming that the debtor is insolvent, but also to the shareholders. And there is no built-in bias there against shareholders. As noted by Judge Robinson in Edison Brothers Stores, 1996 Westlaw 534, 853 (District Court of Delaware, 1996), a movant needs to show more than simply speculation as to such a conflict.

It's additionally argued that the very fact of the complexity of this case and the debtors' natural desire to resolve the case may lead the debtor to give short shrift to shareholders' views. That, I believe, has some merit to it; and, frankly, the argument is, I believe, consistent with the legislative history that I quoted earlier.